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FM AMEMBASSY PORT AU PRINCE
TO RUEHC/SECSTATE WASHDC PRIORITY 4007
INFO RUEHZH/HAITI COLLECTIVE PRIORITY
RUEHBR/AMEMBASSY BRASILIA PRIORITY 1219
RUEHSA/AMEMBASSY PRETORIA PRIORITY 1061
RUEHQU/AMCONSUL QUEBEC PRIORITY 0577
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 PORT AU PRINCE 001697

SIPDIS

SIPDIS

STATE FOR WHA/CAR
EB/IFD
EB/CIP/BA
STATE PASS TO USAID FOR LAC/CAR
INR/IAA (BEN-YEHUDA)
COMMERCE FOR SCOTT SMITH
TREASURY FOR JEFFERY LEVINE
WHA/EX PLEASE PASS USOAS

E.O. 12958: N/A

TAGS: [ECON](#) [ECPS](#) [ETTC](#) [PGOV](#) [HA](#)

SUBJECT: HAITI: CELLULAR INTER-CONNECTIVITY AT LAST

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¶1. Summary: Minister of Public Works, Transportation and Communication Frantz Verela announced that all three cellular operators in Haiti -- Comcel, Digicel and Haitel -- will finally be inter-connected by September 24 at midnight. Since May, the two incumbent operators, Comcel and Haitel, refused to connect with the newest operator, Digicel. Comcel is currently the largest operator in Haiti with about 510,000 subscribers. Digicel and Haitel have around 300,000 subscribers each, and Digicel expects to surpass Comcel soon, thanks to its extremely aggressive campaign. The lack of inter-connectivity underscores the many obstacles to development, but Verela's initiative to settle the dispute signals GOH willingness to act as the proper regulator in improving halting procedures and updating antiquated laws. End summary.

Interconnection Dispute

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¶2. Though all three operators were involved, the conflict resided primarily between Comcel and Digicel. It started with Digicel's scheme to use the Jamaican Mobile Country Code (MCC). The Jamaican MCC offers Digicel an international roaming advantage over the Haitian MCC. Also, the GOH offered Digicel exemption from customs duties in May while Comcel's own exemption was not approved until August 4, despite Haitian regulations stating that all competitors must have an even playing ground. (Note: Due to the dispute over the exemption code, and because all GOH officials use Digicel phones, Haitians in the telecom industry claim the government favors Digicel. End note.)

¶3. The national telecom regulator (CONATEL) could not solve the problem of inter-connectivity, which began with Digicel's arrival in May. Minister of Transportation, Public Works and Communication Frantz Verela personally mediated a solution in late July/early August. In return for an agreement signed by Comcel, Digicel and Haitel, the GOH promised the same advantages to all operators and asked Digicel to switch to the Haitian MCC. Digicel requested five years to complete the migration and said it will cost about US \$ 30 million.

Telecom Industry Needs a Strong Legal Framework

14. Ultimately, the problem between Comcel and Digicel -- other than aggressive marketing strategies and harsh commercial attacks -- lies in a weak regulatory framework for the developing telecom sector. The framework dates back to 1977, when the national telecommunications company, Teleco, had a monopoly on all telecommunications services. In 1999, the World Bank and the Inter-American Development Bank tried in vain to assist the GOH with the creation of a strong legal framework to guide the development of the sector. Jean Marie Maignant, head of the telecom unit at the Ministry of Public Works said the absence of a regulatory and legal framework could further jeopardize the development of the sector. Weak regulations hamper the entrance of new operators, thereby limiting competition. CONATEL Director General Montaigne Marcelin recognized the weakness of his agency vis-a-vis the cellular operators and said this is to blame for the recent dispute over inter-connectivity.

The Road Ahead

15. Maignant told econoff that he is expecting a World Bank (WB) mission at the end of September to assist with updating the 1999 draft of the telecom regulatory framework. The GOH hopes to present an updated telecom bill to parliament in early 2007. Verela said the GOH will be looking for a strategic international partner to help revitalize -- and eventually privatize -- Haiti's national telecommunications company, Teleco. (Note: Michel Presume, newly-named Director General of Teleco, is a former member of the Council for Modernization of Public Enterprises. End note.) According to Maignant, Teleco is also currently implementing an underwater fiber-optic cable project in cooperation with the

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Bahamian Telecom Company. This will extend the Bahamas Domestic Submarine Cable Network to Haiti, instantly increasing and updating tele-communications capacity in Haiti.

16. Comment: The inter-connectivity dispute underscores the need for regulations and up-dated laws in Haiti. The tumultuous recent past has put Haiti behind its neighbors, particularly in the rapidly advancing telecommunications industry. According a recent report by the Inter-American Development Bank, the state of telecommunications infrastructure varies throughout Caribbean, with 85 percent in the Cayman Islands and 1.7 percent in Haiti. Haiti has a long-way to go, but with guidance and support from its neighbors will catch-up significantly under Verela's initiative.

SANDERSON